Attorney Docket No. 021932-000002

Please amend Claim 13 as follows:

13. (twice amended) A method for minimizing transfer tax liability of a grantor for the transfer of the value of nonqualified stock options to a family member grantee, the stock options having a stated exercise price and a stated period of exercise, the method performed at least in part within a signal processing device and comprising:

establishing a Grantor Retained Annuity Trust (GRAT);

funding said GRAT with assets comprising stock options, the stock options having a determined value at the time the transfer is made;

setting a term for said GRAT and a schedule and amount of annuity payments to be made from said GRAT;

performing a valuation of the stock options as each annuity payment is made and determining the number of stock options to include in the annuity payment; and

establishing an Irrevocable Life Insurance Trust (ILIT) that provides a life insurance policy on the grantor with the family member grantees as named beneficiaries, said ILIT to receive said assets of said GRAT on said GRAT's natural termination.

Please amend claim 25 as follows:

25. (twice amended) A method for minimizing transfer tax liability of a grantor for the transfer of the value of nonqualified stock options to a family member grantee, the stock options having a stated exercise price and a stated period of exercise, the method performed at least in part within a signal processing device and comprising:

establishing a Grantor Retained Annuity Trust (GRAT);

funding said GRAT with assets comprising stock options, the stock options having a determined value at the time the transfer is made;

setting a term for said GRAT and a schedule and amount of annuity payments to be made from said GRAT;

performing a valuation of the stock options as each annuity payment is made and determining the number of stock options to include in the annuity payment;

determining an optimum percentage of said GRAT assets that will be said annuity with the purpose of reducing the taxable gift value;

including an amount of cash in said transfer to said GRAT at least equal to the first year's annuity on an estimated present value basis assuming a rate of return on said amount of cash in said GRAT;

deferring the payment of said options in said annuity by including some or all of said cash in at least one annuity payment, thereby reducing the number of said options required to be paid as part of said annuity, and increasing the number of said options remaining in said GRAT; and

establishing at the time said GRAT is established an Irrevocable Life Insurance Trust (ILIT) that provides a life insurance policy on said grantor with said family member grantees as named beneficiaries, said ILIT to receive said assets of said GRAT on said GRAT's natural termination.

Please amend claim 26 as follows:

26. (once amended) A memory storage medium for use with a computer, said storage medium being adapted for storing signals, including program signals for causing the computer to provide for:

establishing a Grantor Retained Annuity Trust (GRAT);

funding said GRAT with assets comprising stock options, the stock options having a determined value at the time the transfer is made;

setting a term for said GRAT and a schedule and amount of annuity payments to be made from said GRAT; and

performing a valuation of the stock options as each annuity payment is made and determining the number of stock options to include in the annuity payment.

REMARKS

Claims 1, 13, 25, and 26 are amended. Please see the attached mark-up of the amendments.

The amendments of claims 1, 13, and 25 were made in accordance with a phone conference with the Examiner on December 10, 2002. The Examiner also indicated that the restriction/election requirements sent to the Applicant in an Office Action dated July 2, 2002 are withdrawn. Accordingly, an amendment of claim 26 is made corresponding to the previous amendments of claims 1, 13, and 25.

Applicant respectfully requests entry of the foregoing amendments to the claims. The amendment of claims 1, 13, and 25 add to the respective preambles the recitation of use of a "signal processing device" used at least in part for performing the claimed method. Antecedent basis for a "signal processing device" is provided, for example, at